

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

OREGON STATE

STATE PROCEDURE NOTICE

TO: S, A, L

ISSUE NO. 520

DATE: 11/24/04

DISTRIBUTION CODE:
"S" STATE OFFICE
"A" AREA OFFICES
"L" LOCAL OFFICES

OREGON STATE SUPPLEMENT

RD Manual Changes
Instruction HB-1-3550
(S, A, L)

ACCEPTABLE DEALER-CONTRACTORS – OREGON. HB-1-3550, Chapter 9, Special Situations, Section 3, instructs the State Director to issue a list of acceptable dealer-contractors in Oregon. RD Instruction 1980-D, 1980.313(i) also references such a list. A list of approved dealer-contractors is released.

REMOVE

No Oregon Instruction has been issued on this subject. This instruction replaces a previously issued Oregon AN 1265 issued April 15, 2004. Replace this new release with the most recent AN issue on this subject in all GRH training manuals and lender manuals.

INSERT

State Supplement – Acceptable Dealer-Contractors – State of Oregon - (10/21/04) at HB-1-3550, Appendix 7, *State Supplements Section*.

RD Manual Changes
Oregon Instruction 1980-D
(S, A, L)

SECTION 1980.309(e) of 1980-D. LENDER SALE OF GUARANTEED LOANS. Once a GRH loan has been closed and Loan Note Guarantee has been issued, lenders who do not wish to hold GRH loans may sell them to any other approved lender, Fannie Mae or Freddie Mac. The

selling or purchasing lender must report any GRH loan sale to the Agency by using Form RD 1980-11, "Lender Record Change." The attached list of originators and the coordinating lenders who service GRH loans has been developed to assist offices in Oregon accurately process Form 1980-11, "Lender Record Change." To utilize this list, locate the originator in the identified column. If the loan is a market loan, determine the servicer from the column noted. If the loan is a State Bond loan made with a reduced interest rate, locate the servicer column for the Oregon State Housing and Community Services. Process Form 1980-11 with accurate information.

REMOVE

No Oregon Instruction has been issued on this subject. This instruction replaces a previously issued Oregon AN 1253 issued September 17, 2003.

INSERT

Oregon Instruction 1980-D, 1980.109(e) following RD Instruction 1980-D.

SECTION 1980.313(i) OF 1980-D MANUFACTURED HOMES. The Guaranteed Rural Housing program allows lending on manufactured homes when purchased through and installed by an approved dealer-contractor. In order to assist lenders in understanding the differences between a site-built home and lending on manufactured housing, we have developed the following exhibits:

Exhibit A – *"Checklist for Lenders – Eligibility for Guarantee"* – designed to assist lenders in determining if the manufactured home would be eligible for a guarantee.

Exhibit B – *"GRH Lender's Loan Origination Checklist"* – designed to assist loan officers, processors, and underwriters in verifying all the necessary documentation has been obtained when requesting a guarantee involving a manufactured home unit.

Exhibit C – *"Dealer-Contractor Certifications"* – developed to capture all the required certifications from the participation dealer-contractor in a one-page statement.

Exhibit D – *"Appraiser Certification"* – Collectively developed to confirm the placed unit meets the program standards, thermal standards and Oregon building codes upon installation.

REMOVE

No Oregon Instruction has been issued on this subject. This instruction replaces a previously issued Oregon AN 1205 issued March 19, 2001.

INSERT

Oregon Instruction 1980-D, 1980.313(i) following RD Instruction 1980-D.

SECTION 1980.345(a) of 1980-D ELIGIBLE INCOME. Adjusted annual income is the basis for determining eligibility for a loan guarantee. Annual income is the base for computing the adjusted annual income. Annual income is comprised of all sources of household income, regardless if the household member is a party to the note. An applicant's qualifying repayment

income may be different from the adjusted annual income. The applicant's adjusted annual income may not exceed the applicable income limit in Exhibit C of 1980-D. The attached "Household Income Computation Worksheet" can be used to record the source of income, the amount utilized to determine annual income, the deductions considered and through calculation – the adjusted household income. By utilizing the attachment, or documentation similar to, lenders can satisfy the requirements in regards to documentation of program eligible income set forth in RD Instruction 1980-D, 1980.360(d).

REMOVE

No Oregon Instruction has been issued on this subject. This instruction replaces a previously issued Oregon AN 1254 issued September 17, 2003.

INSERT

Oregon Instruction 1980-D, 1980.345(a) following RD Instruction 1980-D.

SECTION 1980.353 (c) of 1980-D FILING AND PROCESSING APPLICATIONS. The "*Loan Submission Checklist*" has been developed to assist lenders in developing a complete application for consideration of a Rural Development guarantee. The checklist can be utilized by lenders when assembling the necessary documentation to request a "Conditional Commitment for Loan Note Guarantee." Note: Checklist prints to legal size, unless requested in the print mode to scale to letter size.

REMOVE

No Oregon Instruction has been issued on this subject. This guidance replaces previous guidance issued in Oregon AN 1263 dated March 4, 2004.

INSERT

Oregon Instruction 1980-D, 1980.353(c) following RD Instruction 1980-D.

SECTION 1980.354 of 1980-D RURAL DEVELOPMENT REVIEW OF APPLICATIONS. The lender must submit a loan application package for Agency review prior to expiration of the reservation of funds. Form RD 1980-21, "Request for Single Family Housing Loan Guarantee" summarizes the details of the loan to be guaranteed and requires the lender to certify that all eligibility requirements have been met. *Exhibit A, "Review of Program Requirements"* assists the reviewer in determining the lender's application is complete and meets program requirements.

The Agency will review the contents of a GRH loan application to insure that all program requirements have been met, but will not review the lender's underwriting decisions. The lender has the sole responsibility for properly underwriting the loan and insuring that all program requirements have been met. Agency reviews do not relieve lenders of these responsibilities.

Generally, a detailed review of the lenders underwriting analysis is not required, except in limited circumstances as follows:

- a. Lenders/Underwriters that are new to the program.
- b. Lenders requesting waiver of repayment ratios.
- c. Lenders working with funded buy down accounts.
- d. Lenders that submit income or inaccurate applications.
- e. Lenders with significant monitoring findings.

Evidence of the Agency's review – whether standard or thorough – will be documented on Exhibit B, Agency Review – Request for Conditional Commitment for Loan Note Guarantee.

REMOVE

No Oregon Instruction has been issued on this subject. This instruction replaces a previously issued Oregon AN 1252 issued September 17, 2003.

INSERT

Oregon Instruction 1980-D, 1980.354 following RD Instruction 1980-D.

SECTION 1980.360 OF 1980-D CONDITIONS PRECEDENT TO ISSUANCE OF THE LOAN NOTE GUARANTEE. The “Post Closing Documentation Checklist” has been developed to assist lenders in assembling final documentation to support issuance of a Loan Note Guarantee. Note: Checklist prints to legal size, unless requested in the print mode to scale to letter size.

REMOVE

No Oregon Instruction has been issued on this subject. This guidance replaces previous guidance issued in Oregon AN 1263 dated March 4, 2004.

INSERT

Oregon Instruction 1980-D, 1980.360 following RD Instruction 1980-D.

SECTION 1980.363 of 1980-D REVIEW OF LOAN CLOSING. Within 30 days after closing, the lender should request issuance of the loan note guarantee using For RD 1980-19, “Guaranteed Loan Closing Report.” At the same time, the lender must submit documentation that the loan was properly closed and pay the loan guarantee fee. The Agency review consists of determining if the closing documents are acceptable, incomplete or unacceptable and communicate accordingly with the lender. “Agency Review of Closing Documents” assists the reviewer in determining if the lender's loan was closed in accordance with the issued Conditional Commitment and continues to meet program requirements. Reviewers may utilize this document

to record the closing review and take the necessary action steps to close the loan on the Guaranteed Loan Servicing system.

REMOVE

No Oregon Instruction has been issued on this subject. This instruction replaces a previously issued Oregon AN 1251 issued September 17, 2003.

INSERT

Oregon Instruction 1980-D, 1980.363 following RD Instruction 1980-D.

SECTION 1980.370(e)(1) of 1980-D RD RESPONSIBILITIES. *"GRH Stack"* provides a document list and order in which documents must be filed in respective positions of the GRH case file. This method is generally accepted in the conventional lending industry and will continue to be adopted with all GRH case files. The most essential documents are captured as subsequent to the FY of obligation, all GRH files are imaged. Only those documents related to and necessary to be confirmed by any potential Management Control Review (MCR) will be retained. It is not necessary for field offices to file the stack cover relating the specific position in the borrower's case file. This is intended for reference only.

REMOVE

No Oregon Instruction has been issued on this subject. This instruction replaces a previously issued Oregon AN 1258 issued September 17, 2003.

INSERT

Oregon Instruction 1980-D, 1980.370(e)(1) following RD Instruction 1980-D.

List of Oregon Administrative Notices (AN) issued, relating to Single Family Housing (SFH):

OR AN _____ (1940 & 426.2) Guaranteed Rural Housing – Exception Authority – First Floor Habitable Space Elevation Below the 100-Year Flood Plain Level

State Supplement -

The notation "State Supplement" will be made on the margin of each paragraph of the National Instruction supplemented by this State Instruction.

MAKE NECESSARY REVISIONS TO THE TABLE OF CONTENTS

**READ PROCEDURE – DISCUSS IN STAFF CONFERENCES-
KEEP PROCEDURE MANUAL UP TO DATE**

OR PN 520 (11/24/2004)